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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-087]

Steel Propane Cylinders from the People's Republic of China: Final Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of steel propane cylinders from the People's Republic of China (China).

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Samuel Brummitt, AD/CVD Operations, Office III, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-7851.

SUPPLEMENTARY INFORMATION:

Background

On October 26, 2018, Commerce published the *Preliminary Determination*.¹ In the *Preliminary Determination*, Commerce aligned the final determination in this countervailing duty investigation with the final determination in the companion less-than-fair-value investigation, in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.210(b)(4). A complete summary of the events that occurred since

¹ See *Steel Propane Cylinders From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 83 FR 54086 (October 26, 2018) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum.

Commerce published the *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Issues and Decision Memorandum.²

The Issues and Decision Memorandum is a public document and is available electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov> and to all parties in the Central Records Unit, Room B-8024 of Commerce's main building. In addition, a complete version of the Issues and Decision Memorandum can be accessed at <http://enforcement.trade.gov/frn/>. The signed Issues and Decision Memorandum and electronic version are identical in content.

Commerce exercised its discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018, through the resumption of operations on January 29, 2019.³ If the new deadline falls on a non-business day, in accordance with Commerce's practice, the deadline will become the next business day. The revised deadline for the final determination of this investigation is now June 17, 2019.

Period of Investigation

The period of investigation is January 1, 2017 through December 31, 2017.

Scope of the Investigation

The merchandise covered by this investigation is steel propane cylinders from China. For a complete description of the scope of this investigation, see Appendix I of this notice.

² See Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination of the Countervailing Duty Investigation of Steel Propane Cylinders from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

³ See Memorandum to the Record from Gary Taverman, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Partial Shutdown of the Federal Government," dated January 28, 2019. All deadlines in this segment of the proceeding have been extended by 40 days.

Scope Comments

During the course of this investigation and the concurrent less-than-fair-value investigations, Commerce received scope comments from interested parties. Certain interested parties commented on the scope of the investigation as it appeared in the Preliminary Scope Decision Memorandum,⁴ which was issued concurrently with the *Preliminary Determination*. We did not receive any scope comments after the Preliminary Scope Decision Memorandum; therefore, the preliminary scope determination remains unchanged in the final determination.

Verification

As provided in section 782(i) of the Act, Commerce verified the subsidy information reported by the Government of China (GOC) and Shandong Huanri Group Co. Ltd. (Huanri) for use in our final determination. We used standard verification procedures, including an examination of relevant accounting records and original source documents provided by the respondents.

Analysis of Subsidy Programs and Comments Received

All issues raised in the case briefs and rebuttal briefs submitted by interested parties in this proceeding are discussed in the Issues and Decision Memorandum. A list of the issues raised by parties and responded to by Commerce are in the Issues and Decision Memorandum, attached at Appendix II.

Changes Since the *Preliminary Determination*

Based on our analysis of the comments received from the interested parties and our findings at verification, we made certain changes to the respondents' subsidy rate calculations

⁴ See Memorandum, "Steel Propane Cylinders from the People's Republic of China (China) and Thailand: Scope Decision Memorandum for the Preliminary Antidumping Duty (AD) and Countervailing Duty (CVD) Determinations," dated December 18, 2018 (Preliminary Scope Memorandum).

since the *Preliminary Determination*. For a discussion of these changes, *see* the Issues and Decision Memorandum.

Methodology

Commerce conducted this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁵ In making these findings, Commerce relied, in part, on facts otherwise available and, because it finds that one or more respondents did not act to the best of their ability to respond to Commerce’s requests for information, Commerce drew an adverse inference where appropriate in selecting from among the facts otherwise available.⁶ For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

Final Determination

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we calculated a rate for Huanri, a producer/exporter of subject merchandise selected for individual examination in this investigation. With regard to TPA Metals and Machinery (SZ) Co. Ltd., an additional producer/exporter selected for individual examination, as well as Guangzhou Lion Cylinders Co. Ltd.; Hubei Daly LPG Cylinder Manufacturer Co. Ltd.; Taishan Machinery Factory Ltd.; Wuyi Xilinde Machinery Manufacture Co., Ltd.; and Zhejiang Jucheng Steel Cylinder Co., Ltd., for the reasons described in the *Preliminary Determination*, Commerce assigned a rate based entirely on adverse facts available (AFA) pursuant to section 776(b) of the Act. No interested party

⁵ *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

⁶ *See* sections 776(a), (b), and 782(d) of the Act.

commented on our preliminary decision to assign these six companies a rate based entirely on AFA, and so for purposes of this final determination, we continue to assign the non-cooperating companies a rate based entirely on AFA.

Section 705(c)(5)(A) of the Act provides that in the final determination, Commerce shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the countervailable subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act. Huanri is the only respondent for which Commerce calculated a weighted-average countervailable subsidy rate that is not zero, *de minimis*, or based entirely on facts otherwise available. Therefore, for purposes of determining the “all-others” rate, and pursuant to section 705(c)(5)(A) of the Act, we are using the subsidy rate calculated for Huanri.

Commerce determines the total estimated net countervailable subsidy rates to be the following:

Company	Subsidy Rate
Guangzhou Lion Cylinders Co. Ltd.	142.37 percent
Hubei Daly LPG Cylinder Manufacturer Co. Ltd.	142.37 percent
Shandong Huanri Group Co. Ltd.	37.91 percent
Taishan Machinery Factory Ltd.	142.37 percent
TPA Metals and Machinery (SZ) Co. Ltd.	142.37 percent
Wuyi Xilinde Machinery Manufacture Co., Ltd.	142.37 percent
Zhejiang Jucheng Steel Cylinder Co., Ltd.	142.37 percent
All Others	37.91 percent

Disclosure

We will disclose the calculations performed within five days of public announcement of this notice in accordance with 19 CFR 351.224(b).

Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to sections 703(d)(1)(B) and (d)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all appropriate entries of steel propane cylinders from China, as described in Appendix I of this notice, which were entered, or withdrawn from warehouse, for consumption on or after October 26, 2018, the date of publication of the *Preliminary Determination* of this investigation in the *Federal Register*. In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after February 23, 2019, but to continue the suspension of liquidation of all entries from October 26, 2018 through February 22, 2019.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a countervailing duty order, will reinstate the suspension of liquidation under section 706(a) of the Act, and will require a cash deposit of estimated countervailing duties for such entries of subject merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated, and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

International Trade Commission Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our final affirmative determination that countervailable subsidies are being provided to producers and exporters of steel propane cylinders from China. Because the final determination in this proceeding is affirmative, in accordance with section 705(b) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports, or sales (or the likelihood of sales) for importation of steel propane cylinders from China no later than 45 days after this final determination. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated, and all cash deposits will be refunded. If the ITC determines that such injury does exist, Commerce will issue a countervailing duty order directing CBP to assess, upon further instruction by Commerce, countervailing duties on all imports of the subject merchandise, entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding Administrative Protective Orders

This notice serves as the only reminder to parties subject to the administrative protective order (APO) of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act and 19 CFR 351.210(c).

Dated: June 17, 2019.

Jeffrey I. Kessler,
Assistant Secretary
for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The products subject to this investigation are steel cylinders for compressed or liquefied propane or other gases (Steel Propane Cylinders) meeting the requirements of, or produced to meet the requirements of, U.S. Department of Transportation (USDOT) Specifications 4B, 4BA, or 4BW, or Transport Canada Specification 4BM, 4BAM, or 4BWM, or United Nations pressure receptacle standard ISO 4706 and otherwise meeting the description provided below. The scope includes steel propane cylinders regardless of whether they have been certified to these specifications before importation. Steel propane cylinders range from 2.5 pound nominal gas capacity (approximate 6 pound water capacity and approximate 4-6 pound tare weight) to 42 pound nominal gas capacity (approximate 100 pound water capacity and approximate 28-32 pound tare weight). Steel propane cylinders have two or fewer ports and may be imported assembled or unassembled (i.e., welded or brazed before or after importation), with or without all components (including collars, valves, gauges, tanks, foot rings, and overfill prevention devices), and coated or uncoated. Also included within the scope are drawn cylinder halves, unfinished propane cylinders, collars, and foot rings for steel propane cylinders.

An “unfinished” or “unassembled” propane cylinder includes drawn cylinder halves that have not been welded into a cylinder, cylinders that have not had flanges welded into the port hole(s), cylinders that are otherwise complete but have not had collars or foot rings welded to them, otherwise complete cylinders without a valve assembly attached, and cylinders that are otherwise complete except for testing, certification, and/or marking.

This investigation also covers steel propane cylinders that meet, are produced to meet, or are certified as meeting, other U.S. or Canadian government, international, or industry standards (including, for example, American Society of Mechanical Engineers (ASME), or American National Standard Institute (ANSI)), if they also meet, are produced to meet, or are certified as meeting USDOT Specification 4B, 4BA, or 4BW, or Transport Canada Specification 4BM, 4BAM, or 4BWM, or a United Nations pressure receptacle standard ISO 4706.

Subject merchandise also includes steel propane cylinders that have been further processed in a third country, including but not limited to, attachment of collars, foot rings, or handles by welding or brazing, heat treatment, painting, testing, certification, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the in-scope steel propane cylinders.

Specifically excluded are seamless steel propane cylinders and propane cylinders made from stainless steel (i.e., steel containing at least 10.5 percent chromium by weight and less than 1.2 percent carbon by weight), aluminum, or composite fiber material. Composite fiber material is material consisting of the mechanical combination of two components: fiber (typically glass, carbon, or aramid (synthetic polymer)) and a matrix material (typically polymer resin, ceramic, or metallic).

The merchandise subject to this investigation is properly classified under statistical reporting numbers 7311.00.0060 and 7311.00.0090 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS statistical reporting numbers are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

I. Summary

II. Background

III. Scope of the Investigation

IV. Use of Facts Otherwise Available and Adverse Inferences

V. Subsidies Valuation

VI. Analysis of Programs

VII. Discussion of the Issues

Comment 1: Whether to Apply Adverse Facts Available (AFA) to Shandong Huanri Group Co. Ltd. (Huanri) for the Export Buyer's Credit (EBC) Program

Comment 2: Whether to Apply AFA to Huanri for Policy Lending

Comment 3: Whether Policy Loans Provided by State-Owned Commercial Banks (SOCBs) to the Steel Propane Cylinder Industry are Specific

Comment 4: Whether All Hot-Rolled Steel (HRS) Producers are "Authorities" Under Section 771(5)(B) of the Act

Comment 5: Whether the Provision of HRS for Less Than Adequate Remuneration (LTAR) is Specific

Comment 6: Whether the Chinese Domestic HRS Market is Distorted

Comment 7: Whether to Fill in Certain Months with Missing Data in the Ocean Freight Benchmark

Comment 8: Whether to Exclude Routes to Xiamen from the Ocean Freight Benchmark

Comment 9: Whether to Exclude the Tokyo to Qingdao Route from the Ocean Freight Benchmark

Comment 10: Which Ports to Use for the Calculation of Inland Freight

Comment 11: Whether to Include Value Added Tax (VAT) in Huanri's Inland Freight Costs

Comment 12: Which HRS Import Tariff Rates to Select

Comment 13: Whether to Use the Government of China's (GOC) Coaster Freight Rates in the Ocean Freight Benchmark

Comment 14: Whether to Apply AFA to Find the Provision of Electricity for LTAR to be Specific

Comment 15: Whether to Remove Shandong Laizhou Steel Cylinder Factory's (SC Factory) Loans from Huanri's Reported Loans

Comment 16: Which Benchmark Interest Rates to Apply in the Export Seller's Credit and Policy Loan Benefit Calculations

Comment 17: Whether to Adjust Huanri's Sales Denominator

Comment 18: Whether to Correct a Translation Error in the Electricity for LTAR Benefit Calculation

Comment 19: Which AFA Program Rates to Apply to the Non-Cooperating Companies
VIII. Recommendation

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